

\$ Give Yourself A Raise!

WITH

FlexproTM

Section 125 Flexible Benefits



State of Indiana Employee Enrollment Information Packet

NEW!!!

GREAT NEWS FOR FLEX CARD USERS!!!!
NEW IRS GUIDANCE
IIAS CERTIFIED MERCHANTS
SEE "NEW CLAIMS PROCEDURES"



Key Benefit Administrators P.O. Box 55210 Indianapolis, IN 46205 800-558-5553

Table of Contents

DESCRIPTION	PAGE NUMBER
● What is FlexPro™ ?	Page 3
● Is A Flexible Spending Account Right For You?	Page 3
● How Flex Works	Page 4
● Tax Savings Worksheet - Find Out How Much You Can Save	Page 5
● Flexible Spending Accounts Frequently Asked Questions	Page 6
● What Type of Expenses Are Eligible?	Page 7
● Over-the-Counter Drug Reimbursements	Page 8
● MBI Benefits Card (Flex Card) and NEW Claims Procedure	Page 9
● Employee On-Line Access to MBI - Member Account Set Up	Page 14
● Plan Specifics Page	Page 16
● Flex Card Validation Form	Page 17
● Claim Form	Page 18
● Election Form / Salary Reduction Agreement	Page 19

What is *FlexPro*?

FlexPro[™] is a Flexible Benefits (Cafeteria) Plan that is approved under Section 125 of the Internal Revenue Code. It enables you to pay for certain expenses with pre-tax dollars.

Optional Benefits: (Some or all of the these benefits may be offered by the State of Indiana)

Employee Paid Insurance Premiums — This account automatically allows you to pay for your portion of some insurance premiums with tax-free dollars. This may include premiums for medical, dental, vision, group term life, cancer coverage, etc.

Health Care Flexible Spending Account (FSA) — Health care costs include medical, dental, vision and hearing expenses that are not paid by insurance and other “out-of-pocket” expenses. These expenses must be incurred within the plan year. These expenses may include, but are not limited to: expenses for medical plan co-payments, deductibles, prescriptions, physician visits, chiropractic care, vision, dental/orthodontia care, and eligible over-the-counter items.

Dependent Day Care Flexible Spending Account (FSA) — Dependent Day Care costs include most dependent day care expenses for eligible children and adults. Qualified expenses include fees for adult and childcare centers, pre-school, and before and after school care. To be eligible you and your spouse (if married) must be employed or attend school. Your dependent must be under age 13 or physically and/or mentally incapable of caring for him or herself. As of each regular deduction date established by the Plan during a Plan Year, the Employer will credit an amount to each Participant's Plan Year Account for the corresponding amount by which the Participant's cash compensation has been reduced pursuant to his election under the Plan. Eligible claims incurred during the Plan Year and submitted within the appropriate timeframe shall be reimbursed up to the amount available in the account at the time of reimbursement.

Dependent Care expenses for the care of a qualifying individual that are for the purpose of enabling the employee to be gainfully employed are eligible. Dependent Care may not be reimbursed while on Leave of Absence (LOA). *Exception for short, temporary absences.* An absence of no more than 2 consecutive calendar weeks is considered a short, temporary absence.

A taxpayer who is gainfully employed is not required to allocate expenses during a short, temporary absence from work, such as for vacation or minor illness, provided that the caregiving arrangement requires the taxpayer to pay for care during the absence.

Is a Flexible Spending Account Right For You?

	YES	NO
Do you have out-of-pocket costs associated with the State’s medical plan? (i.e. co-payments, deductibles, co-insurance)	<input type="checkbox"/>	<input type="checkbox"/>
Do you have other out-of-pocket medical care expenses not covered by insurance?	<input type="checkbox"/>	<input type="checkbox"/>
Do you have out-of-pocket dental expenses? (i.e. cleanings, fillings, orthodontia, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Do you have out-of-pocket vision expenses? (i.e. exams, glasses, contact lenses, LASIK, etc.)	<input type="checkbox"/>	<input type="checkbox"/>
Do you have Dependent Care Expenses that allow you and your spouse (if married) to be gainfully employed or attend school.	<input type="checkbox"/>	<input type="checkbox"/>

If you answered **YES** to any of these questions, you can reduce the taxes that you pay by participating in your employer sponsored Flexible Benefits Plan, *FlexPro*, and therefore **increase your take home pay!**



How Flex Works

	Without Flex	With Flex
Annual Income	\$ 30,000	\$ 30,000
Out-of-Pocket * Pre-Tax Expenses	\$ 0	\$ 3,000
Remaining Income To Be Taxed	\$ 30,000	\$ 27,000
Estimated Taxes (26%) FICA, Federal & State **	\$ 7,800	\$ 7,020
Out-of-Pocket After-Tax Expenses	\$ 3,000	\$ 0
Take Home Pay	\$ 19,200	\$ 19,980
YOUR ANNUAL TAX SAVINGS	\$ 0	\$ 780

Please Note: The example shown above is for illustrative purposes only.

* The expenses in this example include Insurance Premiums, Health Care FSA and Dependent Day Care FSA.

** Varies According to State Regulations

The above example illustrates the advantage of participating in the State of Indiana's Flexible Benefits Plan. This Illustration demonstrates how a participating employee might save \$780 in taxes during the Plan Year by paying for his expenses with pre-tax dollars.



Key Benefit Administrators P.O. Box 55210 Indianapolis, IN 46205 800-558-5553

How Much Can I Save?

State of Indiana Employee Tax Savings Worksheet

Give yourself a raise!!!!!!!!!!!!!!
Set aside pre-tax dollars for eligible expenses
you will incur during the plan year.

I. Health Care Expenses:

Estimated family annual medical/dental/vision expenses **not covered** by insurance:

Co-pays, deductibles, co-insurance	\$ _____
Prescription drugs	\$ _____
Over-the-counter drugs/medicines	\$ _____
Doctor office visits	\$ _____
Physical exams	\$ _____
Well-baby care	\$ _____
Chiropractic care	\$ _____
Dental care	\$ _____
Orthodontia	\$ _____
Vision Exams	\$ _____
Eyeglasses, Contact lenses, solution	\$ _____
Insulin and related supplies	\$ _____
Hearing care	\$ _____
Other Medical Expenses	\$ _____

Total Annual Medical, Dental, Vision Expenses: \$ _____

II. Dependent Day Care Expenses

Weekly expenses \$ _____

x 52

Total Annual Dependent Day Care Expenses: \$ _____

III. Total Flex Savings

Total eligible annual expenses from above \$ _____

Multiply by an estimated tax savings of 26% x 26%

Your Estimated Annual Tax Savings: \$ _____

More take home money to pay for those eligible expenses.



Frequently Asked Questions

This packet is only a brief overview of benefits that may be eligible under your plan. You should consult your Summary Plan Description for specific information about your plan.

Who can participate in the Plan?

All employees who have met the eligibility requirements established by the State of Indiana may participate in the Plan.

How do I sign up?

The State of Indiana will give you the opportunity to sign up prior to each effective date of the Plan, provided you have fulfilled the eligibility requirements.

How do I determine how much money to allocate?

Be conservative! Only consider your known expenses. Do not allow for things that might happen. For dependent day care, do not forget to consider vacations or times you will not be paying the dependent day care provider. A list of eligible expenses and a worksheet are provided to help you calculate your expenses for the upcoming plan year.

Are there limits?

Yes, the maximum annual amount for the Dependent Day Care FSA is \$5,000 per family (\$2,500 if you are married and filing separate tax returns). The maximum annual amount for the Health Care FSA is printed in your Summary Plan Description.

I went to the doctor before the plan year began, but I did not pay the expense until after the plan year started. May I include that expense?

No. Services must be incurred within the plan year. The date of payment does not matter.

Can I change my annual allocation anytime during the Plan Year?

You may change your annual allocation if you have one of the eligible status changes as defined in the State's Plan. Examples of qualifying changes in status are marriage or divorce, death of a spouse or dependent, birth or adoption of a child, and change in your employment or in your spouse's employment. Status changes must be consistent with the status change event. Please consult your Summary Plan Description for complete details.

What happens if I do not use all of my annual allocation?

The IRS has established a "use it or lose it rule." If you do not use all of your annual allocation, you will forfeit any remaining amount. For example, if you allocate \$500 and only submit \$450 in expenses, you will lose the \$50 (not just the taxes.) So, please be conservative when you determine your annual allocation.

What expenses are eligible under the Flex Plan?

A list of eligible and ineligible expenses as well as a list of over-the-counter items follows. Please pay special attention to the orthodontia claims submission requirements for your Plan which are listed on the Plan Specifics page.

Does my plan include a Grace Period?

The IRS recently issued a new regulation governing Section 125 Flexible Spending Plans. It allowed the State to extend the deadline for participants to incur claims for their Flex Plan (medical and dependent daycare) after the end of the plan year, into the new plan year for 74 days. Paper claims to access the previous year money must be submitted no later than 90 days after the end of the Grace Period; your debit card will not work to access past year's money.

Can I sign up for the Dependent Day Care plan and still take the Dependent Day Care tax credit on my annual tax return?

The amount you pledge towards the Dependent Day Care account reduces the amount you can claim as a tax credit, dollar for dollar. Most employees (depending on your family income) will experience a higher tax savings on the Dependent Day Care Plan. You should consult with your accountant to see which option works best for your situation.

What happens if I terminate my employment?

You may still submit eligible receipts for expenses incurred within the time frames established by your Employer. Also, you may be eligible to continue coverage under the Health Care FSA option through federal COBRA regulations.

How do I submit a claim for reimbursement?

Copies of receipts for Health Care FSA expenses must be submitted with a signed claim form. The receipts must be independent third party receipts showing the name of the provider, the date of service, the type of service, the amount of the service and the patient's name. If your insurance company covers the expense, please submit the receipt to the insurance company first. You may then forward a copy of the Explanation of Benefits from the insurance company along with the signed claim form to FlexPro™. Cancelled checks are not eligible as receipts for Health Care FSA expenses. The total amount of reimbursement you selected for the Plan Year will be available at all times during the Plan Year.

For Dependent Day Care FSA expenses, send a signed claim form along with copies of statements or receipts, which show the day care provider's name, the dates of service, the amount of the service and the dependent's name to FlexPro™. Reimbursement of expenses incurred during the Plan Year shall not exceed the balance of your Plan Year Account at the time of the reimbursement.

Claim forms, including detailed receipts/invoices, may be faxed for processing to (317) 284-7269 or (866) 241-1488 or www.keyfamily.com/kba/flexhome.asp

Will I receive information throughout the year telling me where I stand on my account?

Yes, you will receive periodic reports showing what has been credited to your account. You will also receive a reminder letter before your plan year ends, if you have a balance in your account.

Will my participation in the Flex Plan affect my Social Security?

You will not pay Social Security taxes on the money you contribute to the Flex Plan. Therefore, your future Social Security benefits may be slightly reduced. However, the tax savings you receive from this plan should be more than any reduction in your Social Security benefits.

How do I submit expenses, if I have money left from the previous year?

State employees will utilize a signed claim form and corresponding third-party substantiation, if necessary, to access the previous year's money. Debit Cards will be re-loaded with the new year plan dollars on January 1st, and previous year plan dollars will not be available except through the paper claims process.

- See the **Plan Specifics** provided to the State for employee's additional answers to questions and further clarification.

What Type of Expenses Are Eligible?

Health Care FSA Expenses

The following list, while **not intended to be complete**, illustrates expenses that **may** be reimbursed under the Health Care FSA; restrictions may apply.

CO-PAYMENTS / DEDUCTIBLES / CO-INSURANCE

PRESCRIPTION AND OVER-THE-COUNTER (OTC) DRUGS AND MEDICINES (*Expenditures for medical care – to treat or alleviate personal injuries or sickness. OTC reasonable quantity limitations may apply.*)

DENTAL EXPENSES

- Routine & Preventive Services
- X-rays
- Orthodontia (*generally as treatment is provided*) (see Plan
- Specifics page for your Plan's orthodontia guidelines)
- Restorative services, fillings, extractions, dentures

VISION CARE EXPENSES

- Eye exams
- Prescription eyeglasses & sunglasses
- Contact lenses & supplies
- Corrective surgery (*RK & LASIK*)

MEDICALLY NECESSARY EQUIPMENT

- Wheelchair, crutches & lifts
- Oxygen equipment & supplies
- Blood pressure monitor

DIABETIC SUPPLIES

- Insulin
- Test strips, lancets, etc.
- Glucose monitor

PHYSICAL EXAMINATIONS

- Annual physical exam (*including prostate screening, pap smears & mammograms*)
- School & work physicals

COUNSELING & PSYCHIATRIC TREATMENT

(*Prescribed by a doctor to treat a medical condition.*

Statement required from the doctor. See Marriage/Family Counseling)

- Psychologists
- Psychotherapists
- Psychiatrists

FEES & SERVICES

- Physicians, surgeons, anesthesiologists, OB/GYN
- Ambulance
- Nursing (*including room & board*)
- Chiropractic services
- Fertility treatment
- Sterilization & reversals
- Medically necessary reconstructive services (*i.e. mastectomy or following an accident*)
- Hospital expenses

HEARING EXPENSES

- Testing
- Hearing aids
- Batteries & repairs

OTHER EXPENSES

- Prosthesis & artificial limbs
- Organ tissue donation expenses
- Tuition at special school for handicapped
- Travel necessary to seek medical treatment (*limitations apply*)
- Orthotics & orthopedic shoes (*medically necessary*)
- Laboratory fees
- Acupuncture
- Alcohol & drug rehabilitation expenses
- Special equipment for those who are deaf and/or blind (*i.e. Braille books, hearing devices, guide dogs*)
- Weight loss programs and drugs (*when prescribed by a doctor to treat obesity and/or a medical condition – statement required from the doctor*)
- Smoking cessation program or prescribed drug
- Medical supplies
- Therapy treatments (*when prescribed by a doctor*)

The following list illustrates some of the Health Care expenses that are NOT ELIGIBLE under the Plan:

- Cosmetic treatments or surgery (*unless necessary to alleviate a deformity related to a congenital abnormality, trauma, or disfiguring disease*)
- Expenses (*treatments and drugs*) only to improve your general health or well being
- Hair replacement treatments and drugs
- Health club dues
- Long Term Care Insurance
- Marriage & family counseling
- Nutritional supplements
- Teeth whitening
- Vacations
- Vitamins to improve or to preserve general health (*even when prescribed by a doctor*)
- Weight loss programs and drugs to improve or to preserve general health (*even when prescribed by a doctor*)

Dependent Day Care FSA Expenses

Dependent Day Care FSA ELIGIBLE expenses include expenses necessary for you and your spouse (if married) to be gainfully employed or attend school. Eligible expenses include:

- Expenses paid for the care of a dependent under age 13
- Expenses paid for the care of a dependent who is physically or mentally incapable of caring for himself or herself
- Expenses paid to a dependent day care provider
- If you are divorced your child must be in your custody for at least six months out of the year

The following list illustrates some of the Dependent Day Care expenses that are NOT ELIGIBLE under the Plan:

- Kindergarten
- Field trips, lunches, supplies, and transportation fees
- Overnight camps
- Care for dependent that lives outside of the employee's home
- Registration fees



Key Benefit Administrators P.O. Box 55210 Indianapolis, IN 46205 800-558-5553

Over-the-Counter Drug Reimbursements

APPROVED BY THE IRS

*The IRS has approved some over-the-counter, non-prescription, "medicines and drugs" that are taken for medical care as eligible expenses for reimbursement under your Health Care Flexible Spending Account (FSA). "Medicines and drugs" are defined as items for your personal use (or your spouse or dependents) to alleviate or treat personal injuries or sickness. Still **not** eligible are items merely beneficial to your general health such as dietary, nutritional supplements, vitamins, toothpaste, etc.*

Examples of Eligible Expenses

(The following list, while not intended to be complete, illustrates some over-the-counter expenses that may be reimbursed under the Health Care FSA; some restrictions may apply and may require a letter of medical necessity from a physician.)

Allergy Medicine	Motion Sickness Pills
Antacids	Nasal Sinus Sprays or Strips
Anti-diarrhea Medicine	Nicotine Gum or patches for Stop-smoking Purposes
Bactine	Pain Reliever
Band-Aids/Bandages	Pedialyte for Ill Child's Dehydration
Bug Bite Medication	Pregnancy Test Kits
Calamine Lotion	Products for Muscle Pain or Joint Pain, i.e., Ben Gay, Tiger Balm, etc.
Carpal Tunnel Wrist Supports	Reading Glasses
Cold Medicines	Rubbing Alcohol
Cold/Hot Packs for Injuries	Sinus Medications
Condoms	Sleeping Aids used to treat occasional insomnia
Contact Lens Cleaning Solution	Special Ointment or Cream for Sunburn
Cough Drops	Spermicidal Foam
Diaper Rash Ointments	Thermometers (ear or mouth)
First Aid Cream	Throat Lozenges
First Aid Kits	Visine and other such eye products
Hemorrhoid Medication	Wart remover treatments
Incontinence Supplies	
Laxatives	
Liquid Adhesive for Small Cuts	
Menstrual Cycle Products for pain and cramp relief	



MBI Benefits Card (Flex Card) and Claims Procedures

You may use your MBI Benefits Card™ (Flex Card) for eligible FSA expenses such as co-pays, deductibles, out-of-pocket expenses, and other expenses that are not eligible under your medical, dental or vision plan but are eligible FSA expenses.

1. What is the MBI Benefits Card?

The MBI Benefits Card™ (Flex Card) is a MasterCard offered to enhance your Flexible Spending Account by providing instant access to your FSA account. The card is designed for use only at qualified providers or merchants that accept MasterCard and offer eligible goods or services for reimbursement under your Flexible Spending Account. Rather than paying out-of-pocket money for qualified expenses and waiting for reimbursement, your Flex Card transfers funds for qualified expenses directly from your available funds in your Flexible Spending Account to the provider. As a Flexible Spending Account participant, a Flex Card will be mailed to your home address.



2. How does the Flex Card work?

The Flex Card is a debit card that allows you to pay for your eligible FSA expenses directly at the point-of-service. The Flex Card is treated like a credit card at a merchant or provider terminal because it does not require a P.I.N. number before processing a transaction. There is no additional line of credit associated with the card, and no credit check will be performed.

3. Grocery Store, Discount Retail Stores, Mail Order Pharmacies

NEW IRS GUIDANCE - Effective January 1, 2008.

NEW!!!



Certified Grocery Store, Discount Retail Stores, Mail Order Pharmacies
Revenue Ruling 2006-69 and 2007-2 requires all Grocery Stores, Discount Retail Stores and Mail Order Pharmacies to be compliant with an Inventory Information Approval System (IIAS) and be certified as compliant by January 1, 2008. The implementation of the IIAS will allow expenses that qualifies as eligible purchases outline in Code Section 213(d) to automatically be approved at the point-of-purchase.

Approved items at the Point-of-Sale By the IIAS Certified Merchant:

- Only Eligible Items are authorized at the point-of-sale against your available account balance in your Flexible Spending Account.
- Purchases automatically approved at the point-of-purchase will not require participant substantiation.

Note: In the event of an IRS audit, the participant should retain copies of all receipts for their records.

Non-Approved items at the Point-of-Sale By the IIAS Certified Merchant:

- Ineligible items will be denied at the point-of-sale. An alternate method of payment will be required for the purchase.



Non-certified Grocery Store, Discount Retail Stores, Mail Order Pharmacies purchases will be denied at the point-of-sale. Merchants must be in compliance with the IIAS required by the IRS for your Flexible Benefit Card use.

NOTE: Eligible purchases denied at a non-certified merchant and purchased with an alternate method of payment may be submitted to Flexpro for reimbursement consideration. (With Attached Claim Form.)

4. How do I know if a merchant is IIAS certified?

A list of eligible merchants can be found at www.keyfamily.com/kba/flexhome.asp. As new merchants are added, the list will be updated.

5. Pharmacies

NEW IRS GUIDANCE - Effective January 1, 2009

NEW!!!



Certified Retail Pharmacy Merchants

Revenue Ruling 2006-69 and 2007-2 requires all Pharmacies to be compliant with an Inventory Information Approval System (IIAS) and be certified as compliant. The implementation of the IIAS will allow expenses that qualifies as eligible purchases outlined in Code Section 213(d) to automatically be approved at the point-of-purchase.

Although, the IRS has granted transition relief to Retail Pharmacies to have the IIAS implemented by January 1, 2009, **most large Retail Pharmacies have implemented the IIAS ahead of schedule.** A list of eligible merchants can be found at www.keyfamily.com/kba/flexhome.asp. As new merchants are added, the list will be updated.

Approved items at the Point-of-Sale By the IIAS Certified Pharmacies:

- Only Eligible Items are authorized against your available account balance in your Flexible Spending Account at the point-of-purchase.
- Purchases automatically approved at the point-of-purchase will not require participant substantiation.

Note: In the event of an IRS audit, the participant should retain copies of all receipts for their records.

Non-Approved items at the Point-of-Sale By the IIAS Certified Pharmacies:

- Ineligible items will be denied at the point-of-sale. An alternate method of payment will be required for the purchase.

Non-Certified Retail Pharmacy Merchants

Non-Approved items at the Point-of-Sale: - Non-Certified Retail Pharmacy Merchants



- Eligible expenses matching the Rx Copay of the Employer's Major Medical Health Plan will be approved at the point-of-sale.
- Purchases not matching the Rx copay or other over-the-counter eligible purchases will required participant substantiation.
- The participant will receive a pend letter requesting receipts to substantiate the Flex Spending Account Purchase including:
 - ☐ Name of the Store
 - ☐ Date of Purchase
 - ☐ Name of the Prescription Drug
 - ☐ Your Out of Pocket Expense (Including co-pay's, deductible's; excluding insurance eligible amount)
 - ☐ Name of the patient

Note: Cash register receipts or credit card receipts are ineligible unless the information listed above is printed on the receipt.

6. Health Care Related Providers

Physician offices, dentist's offices, vision providers and hospitals

Co-Payment, Deductible and Other Out-Of-Pocket Expenses at the physician office or hospital. You may use your MBI Benefits Card (Flex Card) at health care related providers or merchants such as pharmacies, physician offices, dentist's offices, vision providers and hospitals.

When your total Flex Card purchase is for an amount exactly equal to your employer's medical plan co-payment (up to a total of multiples of five times the maximum co-payments), no further purchase substantiation is required; however, you should still keep copies of all receipts for your personal records.

Example #1 — Employee Substantiation Required (Eligible Expense)

Your Town Hospital

P.O. Box 555
Indianapolis, IN 46111
ADDRESS SERVICE REQUESTED

PATIENT INFORMATION: Joe Jones

A0707700127

Statement Date 01-27-06

Total Due \$ 129.18

DATE OF SERVICE	DESCRIPTION	PRICE	TOTAL CHARGES
01-12-06	480 CARDIOLOGY	1119.00	
01-12-06	482 STRESS TEST	651.00	
TOTAL CHARGES			1770.00
02-15-06	DOS 01-12-06 Insurance Adjustment	478.25CR	
02-15-06	DOS 01-12-06 Insurance Adjustment	1162.57CR	

Total Account Balance/Patient Responsibility \$129.18

Joe uses his Flex Card to pay for services rendered at the hospital that were incurred within his Flexible Spending plan year. The patient responsibility is \$129.18. Substantiation is required since the service/purchase does not match his medical plan co-payment. Joe would receive the transaction detail request via e-mail or by mail and simply reply by faxing or mailing copies of the detailed invoice or receipt along with a completed claim form directly to *FlexPro* for review. *FlexPro* Customer Care would determine that the charges were for eligible expenses and approve his claim. Periodic reports of Joe's claim activity are mailed throughout the plan year and Joe can view his claim activity at WWW.MBICARD.COM. Please review the 'Substantiation Requirements' outlined-below.

Example #2 — Employee Substantiation Required (Ineligible Expense)

Dr. Allan Nolan Family Practice 3701 North Everbrook Lane Indianapolis, IN 46111 Telephone: 317-555-5552	<u>STATEMENT</u>
Joe Jones 100 Main Street Indianapolis, IN 46111	PH: 317-555-5555
01-03-06 BEGINNING BALANCE	\$110.00
01-03-06 INSURANCE PAYMENT	<u>-88.00</u>
02-02-06 ENDING BALANCE	\$22.00

Please note you **may not** use your Flex Card toward **‘Paid on Account’** or **‘Balance Forward’** charges. Joe would receive the transaction detail request via e-mail or by mail and simply reply by faxing or mailing copies of the detailed invoice or receipt along with a completed claim form directly to *FlexPro* for review. *FlexPro* Customer Care would determine the ‘Paid on Account’ or Balance Forward’ statement is an ineligible receipt type. Joe would be notified that additional information is required. Joe must reimburse the plan or provide the appropriate substantiation for the purchase on his Flex Card. Joe’s Flex Card would be temporarily deactivated if repayment is not received immediately by *FlexPro* or sufficient eligible traditional claims are submitted to offset the ineligible Flex Card charges. Please review the ‘Substantiation Requirements’ outlined below.

7. Substantiation Requirements.

a. Substantiation Request – In order to confirm the eligibility of all expenses charged to your Flex Card, you may be asked to provide supporting information about your purchase. *FlexPro* follows the IRS-defined Flexible Spending Account Flex Card audit guidelines.

Although the Flex Card provides direct access to your FSA dollars, it does not eliminate the need for your FlexPro Administrator to verify the eligibility of the item(s) purchased as requested by the IRS.

The following substantiation criteria is required.

Substantiation Requirements

1. Name of Patient
2. Date of Service or purchase
3. Name of Provider or Merchant
4. Type of Service or Supply
5. Amount of Service or Supply

NOTE: Credit card receipts without transaction details as noted in the substantiation requirements above are not eligible receipts.

b. Ineligible Expenses — Should your transaction detail reflect your Flex Card purchase was for ineligible expenses, or if the necessary documentation was not provided to the Plan Administrator in a timely manner, the transaction will be considered 'denied/ineligible' and you must reimburse *FlexPro* for the amount charged to the Flex Card. Your Flex Card will be temporarily deactivated if reimbursement is not made immediately.

Example #3 — Employee Substantiation Required (Ineligible Expense)

Your Drug Store/Pharmacy		
14 W Drugstore Street		
Hometown, IN 46111		
317-555-5550		
1923427 Vitamin C	5.82 N	NOT FSA ELIGIBLE
Subtotal	5.82	
Tax 6.0%	0.00	
Total	5.82	
Personal Check/Credit Card	5.82	
Change Due	0.00	
Approval #123		
CUSTOMER COPY		

Joe Participant uses his Flex Card at a **Non-Certified IAS Pharmacy** to pay for a bottle of vitamins for \$5.82 (vitamins are NOT eligible). Joe would receive the transaction detail request via e-mail or by mail and simply reply by faxing or mailing copies of the detailed invoice or receipt along with a completed claim form directly to *FlexPro* for review. *FlexPro* Customer

Care would determine the purchase of vitamins was not an eligible expense and would then notify Joe that he must reimburse the plan for \$5.82 or any future traditional claim(s) submissions would be reduced by that amount. Joe's Flex Card would be temporarily deactivated if repayment is not received immediately by *FlexPro* or sufficient eligible traditional claims are submitted to offset the ineligible Flex Card charges.

NEW!!!

7. What happens if I try to charge \$50 but I only have \$30 left in my available account balance?

The \$30 remaining balance in your flex account will be used to pay for your purchase. An alternate method of payment will be required for the remaining \$20 purchase.

8. What if my provider doesn't have a charge card terminal?

You can still utilize funds from your account using the traditional method (you pay the provider, submit a claim form and detailed invoice/receipt, and receive reimbursement via check) by mailing or faxing your claim paperwork to FlexPro.

9. What do I do if my card is lost or stolen?

You should immediately contact a *FlexPro* Customer Care Representative at (800) 558-5553 and visit the web site www.mbicard.com to report your Flex Card lost or stolen. You will receive a replacement card within 7-10 days.

10. Where can I view my Flexible Spending Account history?

Go to www.mbicard.com. After following the instructions to 'Create Account,' you will be able to check on your current account balance, request statements on demand, and review your detailed transaction history.

NEW!!!

11. Please visit our NEW website for related forms and information on Flexible Benefit Plans.:

www.keyfamily.com/kba/flexhome.asp.

12. When does the new plan year start on my debit card for State employees?

The new plan year will begin on January 1, 2008 and your debit card will automatically be re-loaded with the new annual amount you have elected. Any money left over from the previous year plan can be accessed only with paper claims – the State provides a 74-day grace period in which you can continue to incur expenses to use up the money from the old plan year. Another 90-days is allowed by the State in which to submit those incurred charges from the previous year's plan. **Remember:** If you do not use the money you have contributed, you will lose it.



Key Benefit Administrators P.O. Box 55210 Indianapolis, IN 46205

800-558-5553 * 317-284-7150 *** Fax: 866-241-1488 * 317-284-7269

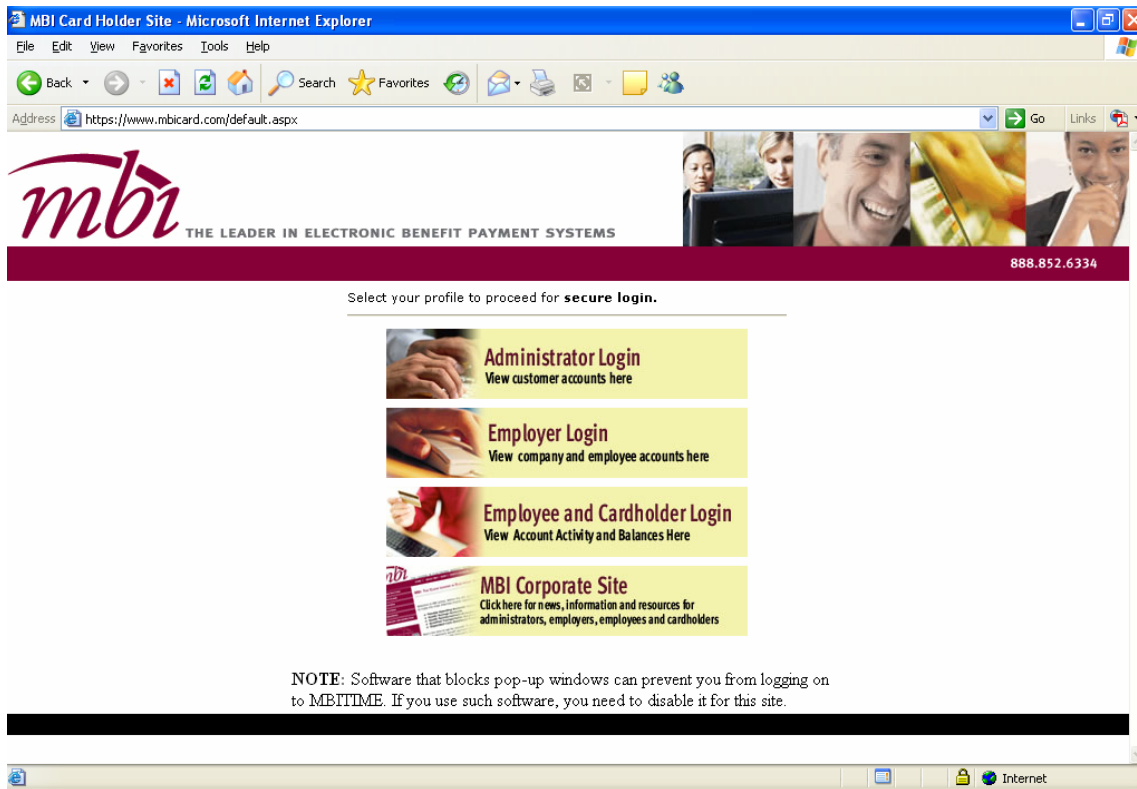
Flexpro@keybenefit.com

State Employee On-line Access to MBI – Member Account Set Up

Go to: WWW.MBICARD.COM

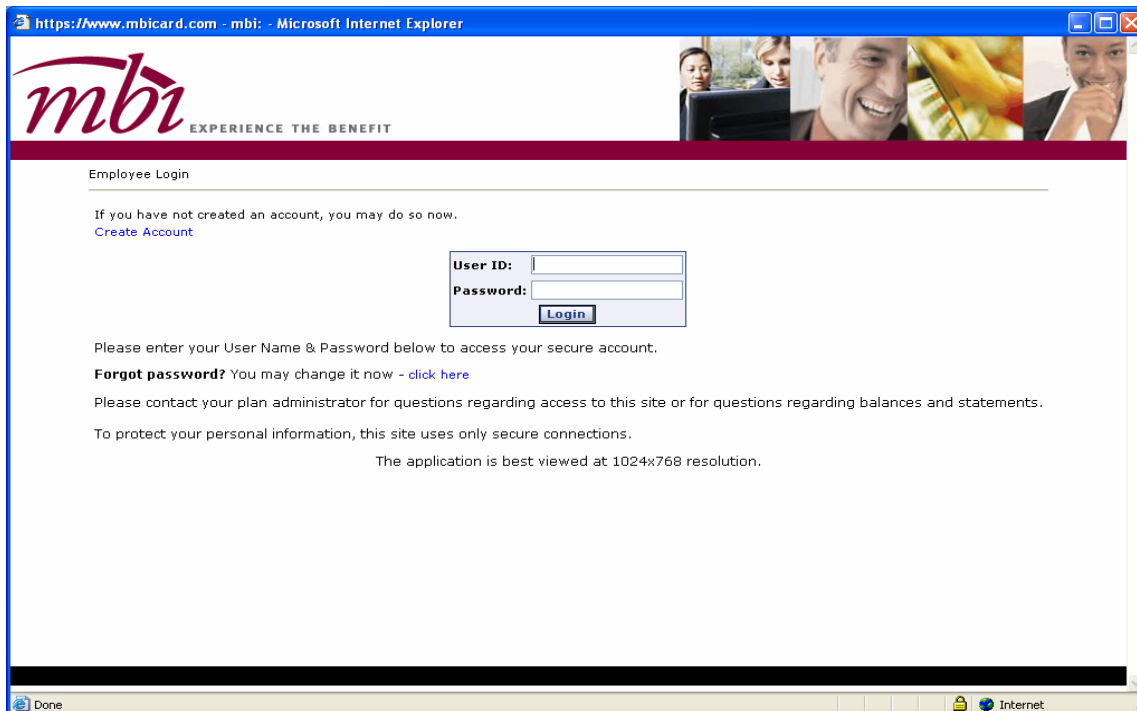
Select Employee and Cardholder Login

Diagram #1



Select Create Account

Diagram #2



Complete the form as indicated.
See Diagram #4 for additional instructions.
Save when completed.

Diagram #3

Employee Account Creation

To create an account, enter information below.
Items marked with "*" are mandatory.

☐ If you have a *FlexConvenience®* card

Card Number* : (no dashes)

Employee ID*¹ :

☐ If you DO NOT have a *FlexConvenience®* card

First Name* :

Last Name* :

Employee ID*¹ :

Employer ID*² :

User ID* : (6-25 characters, no special characters)

Password*³ : (Password must contain at least one letter and one number)

Confirm Password* :

E-mail :

Do you wish to have statements and inquiries sent to your e-mail: ☒ Yes ☐ No

Mother's Maiden Name or Security Word*⁴ : (last name only or security word)

City of Birth*⁴ :

Diagram 4

Employee Account Creation

To create an account, enter information below.
Items marked with "*" are mandatory.

☐ If you have a *FlexConvenience®* card

Card Number* : (no dashes)

Employee ID*¹ :

☐ If you DO NOT have a *FlexConvenience®* card

First Name* :

Last Name* :

Employee ID*¹ :

Employer ID*² :

User ID* : (6-25 characters, no special characters)

Password*³ : (Password must contain at least one letter and one number)

Confirm Password* :

E-mail :

Do you wish to have statements and inquiries sent to your e-mail: ☒ Yes ☐ No

Mother's Maiden Name or Security Word*⁴ : (last name only or security word)

City of Birth*⁴ :

¹ Please enter your Employee ID exactly as provided to you by your Administrator. If you don't know your Employee ID, or were not provided an ID, please contact your Administrator.

² Please enter your Employer ID exactly as provided to you by your Administrator. If you don't know your Employer ID, or were not provided an ID, please contact your Administrator.

³ Password must contain at least one letter and one number.

⁴ Your city of birth and security word are stored in a secure database and will not be used for any purpose other than to allow you access to your account should you forget your password.

Please note: We only support Internet Explorer, versions 5.0 and higher. If your browser does not meet this requirement, you will have difficulty accessing portions of this website.

Please contact your plan administrator for questions regarding access to this site or for questions regarding balances and statements.

The application is best viewed at 1024x768 resolution.

888.852.6334 © 2001-2005 MBI Benefits, Inc. All rights reserved.



State of Indiana

Section 125 *FlexPro* Plan Specifics

PLAN YEAR:	01/01/08 - 12/31/08
PLAN OPTIONS:	PLAN MAXIMUMS:
Premium Plan Option	Total Premiums
Health Care FSA Plan Option	\$ 5,000.00
Dependent Care FSA Plan Option	\$ 5,000.00
Plan Maximum	\$10,000.00 + Total Premiums
PARTICIPATION IN THE PREMIUM PLAN OPTION BY NEW HIRES:	Upon eligibility
PARTICIPATION IN THE HEALTH CARE FSA PLAN OPTION BY NEW HIRES:	Upon eligibility
PARTICIPATION IN THE DEPENDENT CARE FSA PLAN OPTION BY NEW HIRES:	Upon eligibility
PARTICIPATION AFTER TERMINATION IN THE HEALTH CARE FSA PLAN OPTION:	Terminated employees will be allowed 0 days past termination to incur expenses and an additional 30 days to submit expenses.
PARTICIPATION AFTER TERMINATION IN THE DEPENDENT CARE FSA PLAN OPTION:	Terminated employees will be allowed 30 days past termination or until the end of the plan year, whichever comes first, to incur expenses and an additional 60 days to submit expenses.
CLAIMS SUBMISSION:	Claims must be submitted no later than noon E.S.T. Monday for check issuance the following Thursday. Checks issued Weekly.
ORTHODONTIA SERVICES:	The initial down payment may be reimbursed. Plus the remaining balance may only be reimbursed on a monthly basis based upon duration of treatment period.
GRACE PERIOD:	The Grace Period will allow expenses incurred within the first 74 days of this Plan Year to be reimbursed from your previous Plan Year if a balance remains in that account. Claims may be incurred through 3/15/08.
CLAIMS SUBMITTED AFTER THE END OF THE GRACE PERIOD:	Claims must be submitted no later than 90 days after the end of the Grace Period. Claims may be submitted through 6/15/08.
STATUS CHANGE NOTIFICATION TIME FRAME:	Status changes must be submitted within 30 days of the Qualifying Event
PARTICIPATION IN A HEALTH CARE FSA BY HSA PARTICIPANT:	Participants in a High-Deductible Health Plan participating in a Health Savings Account can only participate in the Limited Health Care FSA which includes eligible, out-of-pocket, un-reimbursed dental and vision expenses. You may also participate in the Dependent Care FSA.

FlexPro Claim Form

THIS FORM MUST ACCOMPANY EACH GROUP OF RECEIPTS SUBMITTED



Employer Name: State of Indiana - 580

Employee Name: _____ ID or SSN Number: _____

Email address: _____

Home Address: _____
Number & Street City State Zip Code



Please check if new address

Daytime Phone Number: _____ Number of pages: _____

To the best of my knowledge and belief, my statement in this Request for Reimbursement is complete and true. I am claiming reimbursement only for eligible expenses with the date of service incurred by me, my spouse, or my qualified dependent(s) during the applicable plan year. I certify that these expenses have not been reimbursed by any other source, nor will any reimbursement be sought from any other source. By signing and submitting this Dependent Care Reimbursement Request, I am certifying that expenses for which I request reimbursement satisfy all dependent care guidelines. I am gainfully employed and not on leave. In accordance with the Flex Benefit Plan, I authorize my Flexible Spending Account(s) to be reduced by the amount requested.

Employee Signature: _____ Date: _____
Signature Required

Health Care Expenses:

Expenses that may be covered by your (or your spouse's) medical, dental or vision plan must first be submitted to the appropriate insurance carrier. The Explanation of Benefits (EOB) you receive from your insurance carrier may then be submitted to FlexPro™ as a qualifying receipt towards your FlexPro™ Plan. Health care receipts must be from an independent third party and must include the Name of the Patient, Name of the Provider, Type and date of Service or Supply provided (Names of Prescriptions are required), and the Amount of the Service or Supply. Receipts for eligible over-the-counter drugs or medicines must include the same information but the type of Supply and the Patient's Name may be hand written on the receipt by the participant if necessary. If necessary please add additional pages.

Name of Patient or Dependent	Date(s) of Service	Name of Provider or Merchant	Type of Service or Supply	Health Care Charge for each service/supply	Flex Card Purchase Substantiation

☐ As requested, a letter of medical necessity is included. ☐ A letter of medical necessity is on file. **Total**

Dependent Care: Dependent Day Care receipts must include the Name of the Provider, Dates of Service, Name of the Dependent(s), Fee for Service or you may have your Dependent Day Care Provider complete and sign below (Original Signature required).

Date(s) of Service: (to & from) _____ Fee for Service: _____

Dependent(s) Name: _____ Dependent Date of Birth: _____

Dependent Care Provider Name and Tax ID #: _____

Dependent Care Provider Signature: _____ Date: _____

Dependent Care expenses for the care of a qualifying individual that are for the purpose of enabling the employee to be gainfully employed are eligible. Dependent Care may not be reimbursed while on Leave of Absence (LOA). *Exception for short, temporary absences.* An absence of no more than 2 consecutive calendar weeks is considered a short, temporary absence. A taxpayer who is gainfully employed is not required to allocate expenses during a short, temporary absence from work, such as for vacation or minor illness, provided that the caregiving arrangement requires the taxpayer to pay for care during the absence.

Attention MBI Benefits Card® Flex Card Users:

- ☐ None of the attached claims were purchased using my Flex Card
- ☐ Some of the claims were purchased using my Flex Card. Please check claim(s) purchased with your Flex Card.
- ☐ All of the attached claims were purchased using my Flex Card.

The following reimbursement request rules apply: Health Care and Dependent Care expenses must be incurred within the appropriate Plan Year. See Plan Specific page for eligibility requirements. Photocopies of receipts are acceptable. Please retain a copy of all receipts for your own records. *Cancelled checks are not acceptable receipts. This form must be signed and submitted with applicable receipts.*



Key Benefit Administrators P.O. Box 55210 Indianapolis, IN 46205 800-558-5553 * 317-284-7150

*** Fax: 866-241-1488 * 317-284-7269 * Flexpro@Keybenefit.com ***